

Healdsburg Sales Tax and Business Mix, 2010-2017

February 2018

Economic Forensics and Analytics, Inc.

Petaluma, CA

eyler@econforensics.com

Contents

Executive Summary.....	2
Introduction	3
Business and Sales Tax Diversity in Healdsburg.....	4
Jobs and Occupations Mix	5
An Important Difference	6
Taxable Sales Connections to Employment	9
So What?.....	10
Economic Development Opportunities and Threats	11
What is Economic Development?	11
Opportunities.....	13
Threats to Economic Development	14
Conclusions	16
Appendix: Sales Tax Data Details	17

Executive Summary

Healdsburg has a diverse economy, with over 186 different industries providing jobs, and not reliant on tourism and retail alone. Taxable sales come from over 930 businesses, 56 percent of which are retail businesses as of 2017. Over 25 percent of jobs in Healdsburg are directly related to the wine industry, either in vineyard or winery jobs. Tourism-facing businesses and retail employers do provide 17.8 percent of jobs for Healdsburg. In some cases, retail jobs are directly related to the wine industry. Restaurant and hotel demand can also be seen as somewhat tied to the wine industry. Over 57 percent of jobs are not tied to wineries.

The taxable sales levels and business mix in Healdsburg is similar to Sonoma County. However, taxable sales per job have gone up in Healdsburg since 2010, and at a faster pace than Sonoma County. Such movement suggests that rising taxable sales are not dependent on local jobs rising in Healdsburg. Because a rising number of jobs comes with both benefits and costs for the city government and its residents, taxable sales per job rising is a sign of economic development balance between opportunity costs of job growth and driving more taxable sales in a regionally competitive environment.

The Healdsburg economy is not lop-sided toward retail and tourism in either how taxable sales occur or levels of employment. Healdsburg's job diversity provides many economic development opportunities. In terms of such future opportunities, screening criteria may include:

- Attract, retain and expand high "value-add" industries per worker to Healdsburg;
- Retail expansion should be focused on filling supply-chain or leakage gaps; and
- Coming to community consensus using data and regional realities to help shape final choices.

In terms of economic development opportunities, this study shows that if using a mix of how supported some industries are in Healdsburg versus Sonoma County overall to provide local employment and also how much does local businesses contribute to Healdsburg's economy by adding value, some opportunities are apparent for Healdsburg's economic development. An economic leakage analysis may help refine this list.

- Equipment Manufacturing
- Data Processing
- Financial Services
- Software Publishing/Internet Services
- Tile manufacturing
- Outpatient care facilities
- Beverage manufacturing beyond wineries
- Tank and pump manufacturing
- Plumbing supply wholesale
- Advertising services

Threats to economic development are Healdsburg's use of inbound, commuting workers, a relatively small amount of housing per local job versus Sonoma County otherwise, and rising competition regionally for tourists and retail. As retail becomes more internet-based, logistics services may become as or more important than breadth of retail. The recent fires have also changed the housing landscape. For Healdsburg, housing prices and policy to make housing less burdensome may relieve some economic development threats.

Healdsburg Sales Tax and Business Mix, 2010 – 2017

Introduction

This study compares data on Healdsburg's business mix to recent sales tax receipts data. **Healdsburg's economy is not solely based on the wine industry and tourism, as there are 186 different employer categories that provide jobs in Healdsburg as of 2017.** Employment and income are two different facets of how local businesses interact with the broader community. Jobs in Healdsburg are spread across many different industries, including financial technology companies and engineering businesses. Some of these businesses depend on workers, goods, services, and customers coming from outside Healdsburg for their survival.

Recent data from the Census Bureau contrasts what local residents do for work to jobs from local employers. Healdsburg's mix of occupations and industries showcase a diverse local economy. Looking at the data over time (2010 acts as a baseline year compared to the latest data) shows how Healdsburg's business mix has evolved, changing during the recovery period, and poised for change going forward.

Healdsburg, given its location and surroundings, has industries such as tourism, retail, restaurants, and other "visitor-facing" businesses. Supporting visitors generate sales tax revenue due to both retail and restaurant sales. The city's employers support visitor flow in multiple ways. The wine industry is another core industry, and has direct connections to hotel stays, restaurant and retail spending, and thus economic impacts across the northern part of Sonoma County.

Sales tax data can also show how city finance draws from retail, restaurants, hotel stays, and other tourism facing industries, but also how other industries outside of tourism and retail help balance the tax revenue sources.

Because of technology and engineering businesses finding ways to grow and thrive in town, Healdsburg should see opportunities in other businesses becoming "clusters" with each hiring a similar labor force: engineering, marketing, accounting, computer science, and other "high-skill" workers.

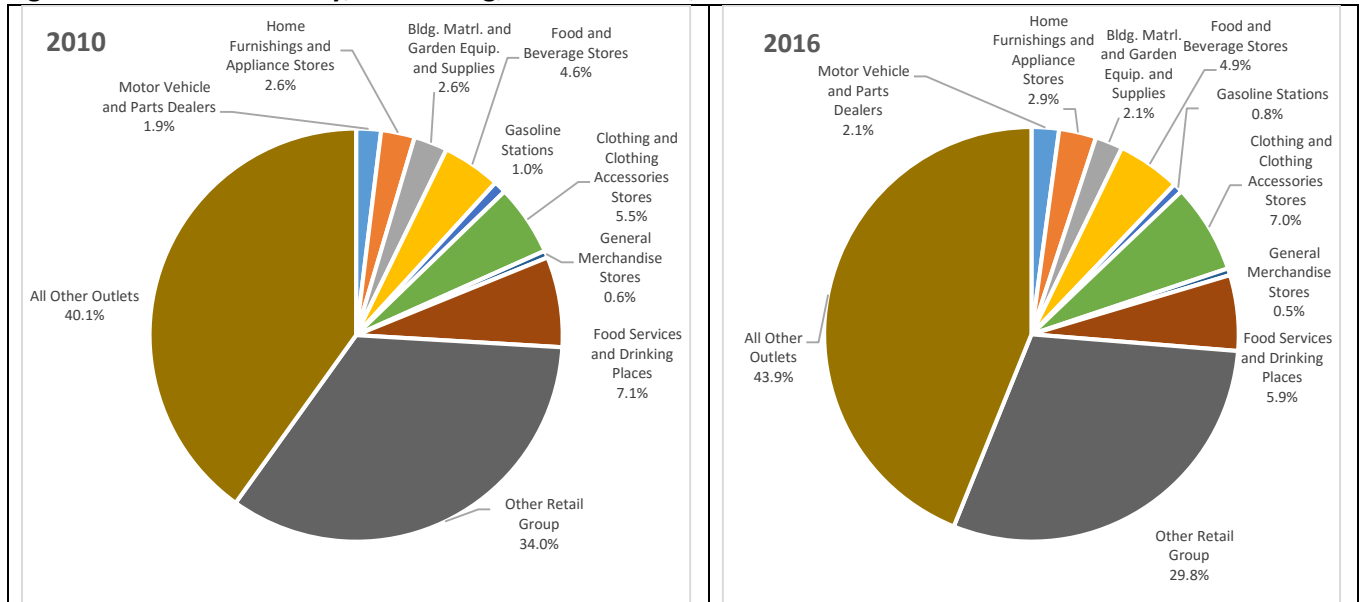
The report has the following sections:

- Business and Sales Tax Diversity in Healdsburg;
- Taxable Sales Connections to Employment;
- Economic Development Opportunities and Threats; and
- Conclusions and Recommendations.

Business and Sales Tax Diversity in Healdsburg

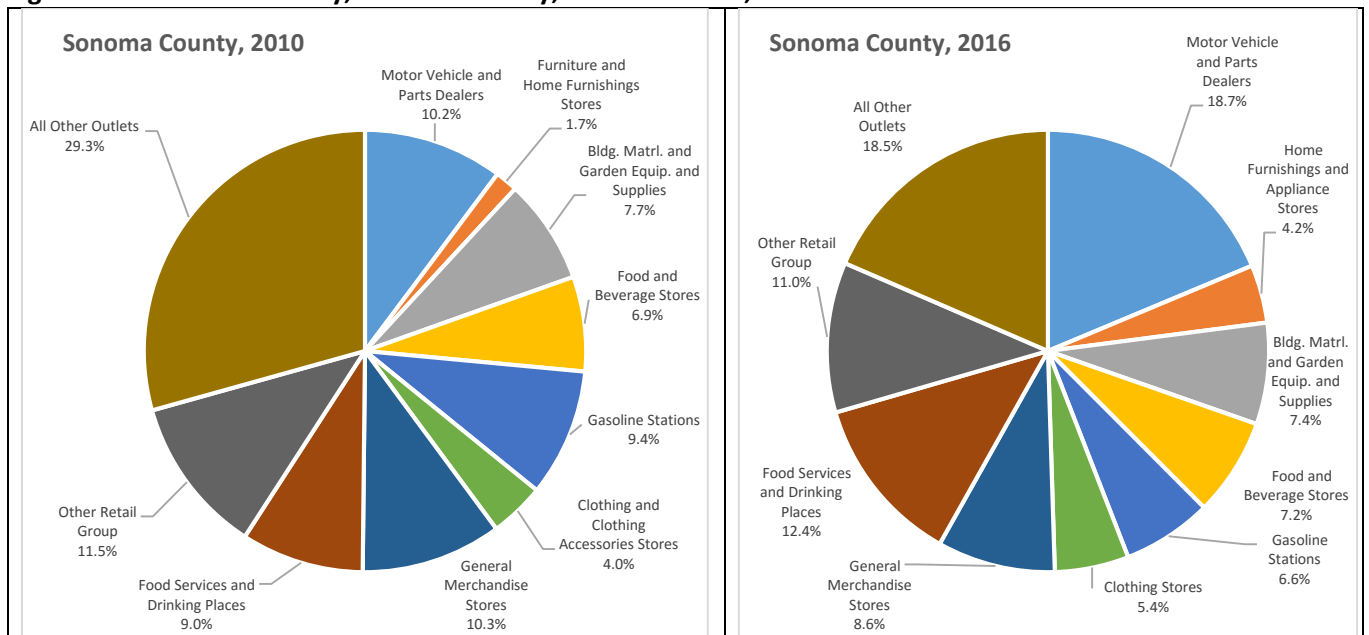
One misconception of places with visible tourists is that tourism *is* the local economy. The data on employer mix and taxable sales show that Healdsburg has a more diverse economy and tax base than just tourism and associated retail sales. Figure 1 shows a comparison of the tax base in Healdsburg in 2010 and 2016. Notice that the “Other Retail Group” has contracted and the non-retail sales group (“All Other Outlets”) has expanded. Figure 2 shows the same data for Sonoma County as a contrast.

Figure 1: Sales Tax Diversity, Healdsburg, 2010 and 2016, Percent of Taxable Sales



Source: California Board of Equalization, 2016 Year-End is Latest data available

Figure 2: Sales Tax Diversity, Sonoma County, 2010 and 2016, Percent of Taxable Sales

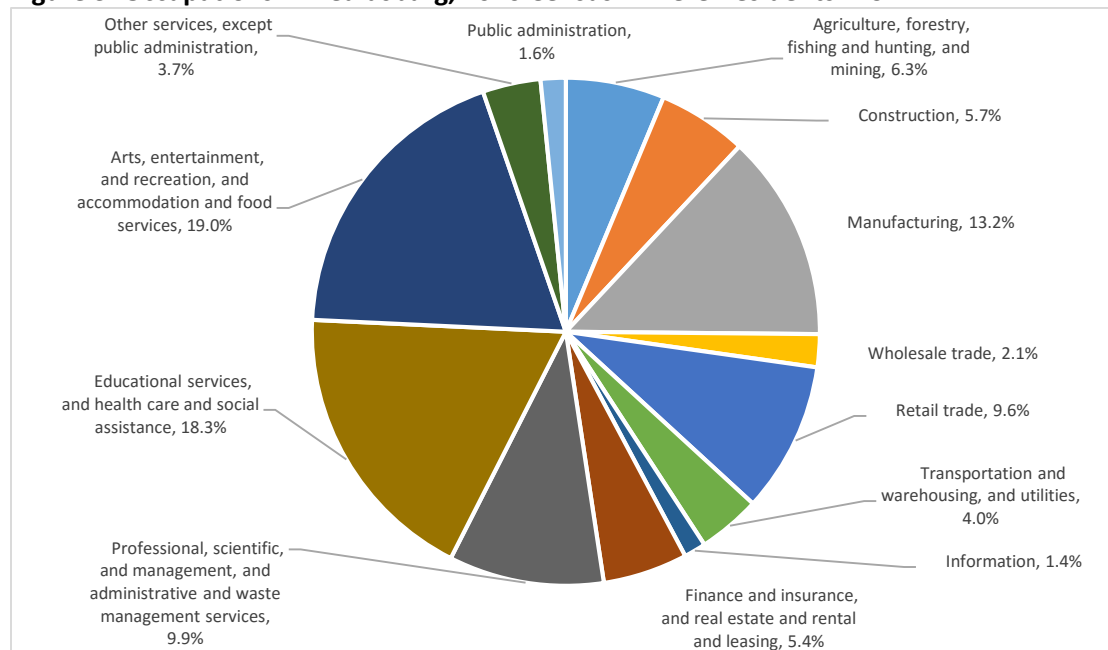


Source: California Board of Equalization, 2016 Year-End is Latest data available

The category called “All Other Outlets”, the group of sales tax providers outside of classic retail, includes business to business (B2B) sales and use tax. For Sonoma County in Figure 2, this category has become smaller since 2010 (the bottom of the last recession). As Sonoma County emerged from the recession, taxable sales increased from classic retail outlets suggesting that Sonoma County has become more dependent on such retail relative to Healdsburg. If Healdsburg were removed from the Sonoma County numbers in Figure 3, the county’s proportion of “All Other Outlets” would be even smaller.

Retail is not as important to Healdsburg’s sales tax revenues as it is in Sonoma County overall, and economic development in Healdsburg has a more balanced mix (including a more diverse mix of retail businesses that collect sales tax) than the surrounding area. The next section looks at Healdsburg’s jobs and occupational mix since 2010.

Figure 3: Occupations in Healdsburg, 2016 Census: Where Residents Work



Source: Census Bureau (factfinder.census.gov)

Jobs and Occupations Mix

Healdsburg has approximately 80 percent of its employed residents leave each day to work other places. Healdsburg “imports” 83 percent of its workers at local employers from other places. The businesses that hire workers in Healdsburg is wide in breadth, as is where residents go to work. The local economic effects are as follows:

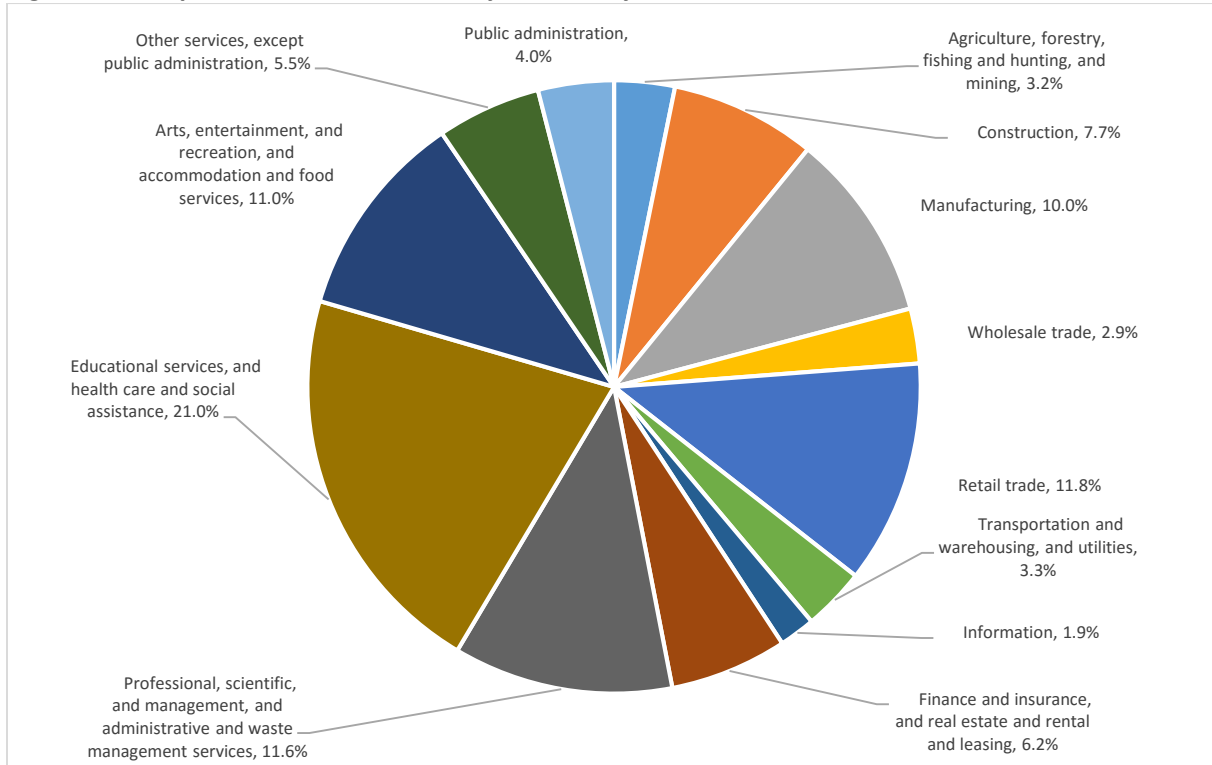
1. Generally, local residents work outside the local area because there are higher-wage jobs and more possibilities outside the small town; and
2. Workers that come in from the outside to work do so for the same reasons.

For smaller cities like Healdsburg, residents working outside bring income home to spend, which becomes revenue for many local businesses. Since 2010, the number of local residents also working in

Healdsburg is between 1,000 and 1,100 full-time equivalent workers. This is approximately 16.9 percent of overall jobs in Healdsburg in 2016, down from 18.3 percent in 2010.

Notice that the occupational mix worked by local residents in Figures 3 and 4 is similar in both Healdsburg and Sonoma County. For Healdsburg, Sonoma County at large represents a competitive marketplace for Healdsburg’s employers and also for its residents in terms of where residents can or would like to work. The large percentage of manufacturing is primarily winery jobs that are unrelated to tourism or retail occupations.

Figure 4: Occupations in Sonoma County for County Residents, 2017



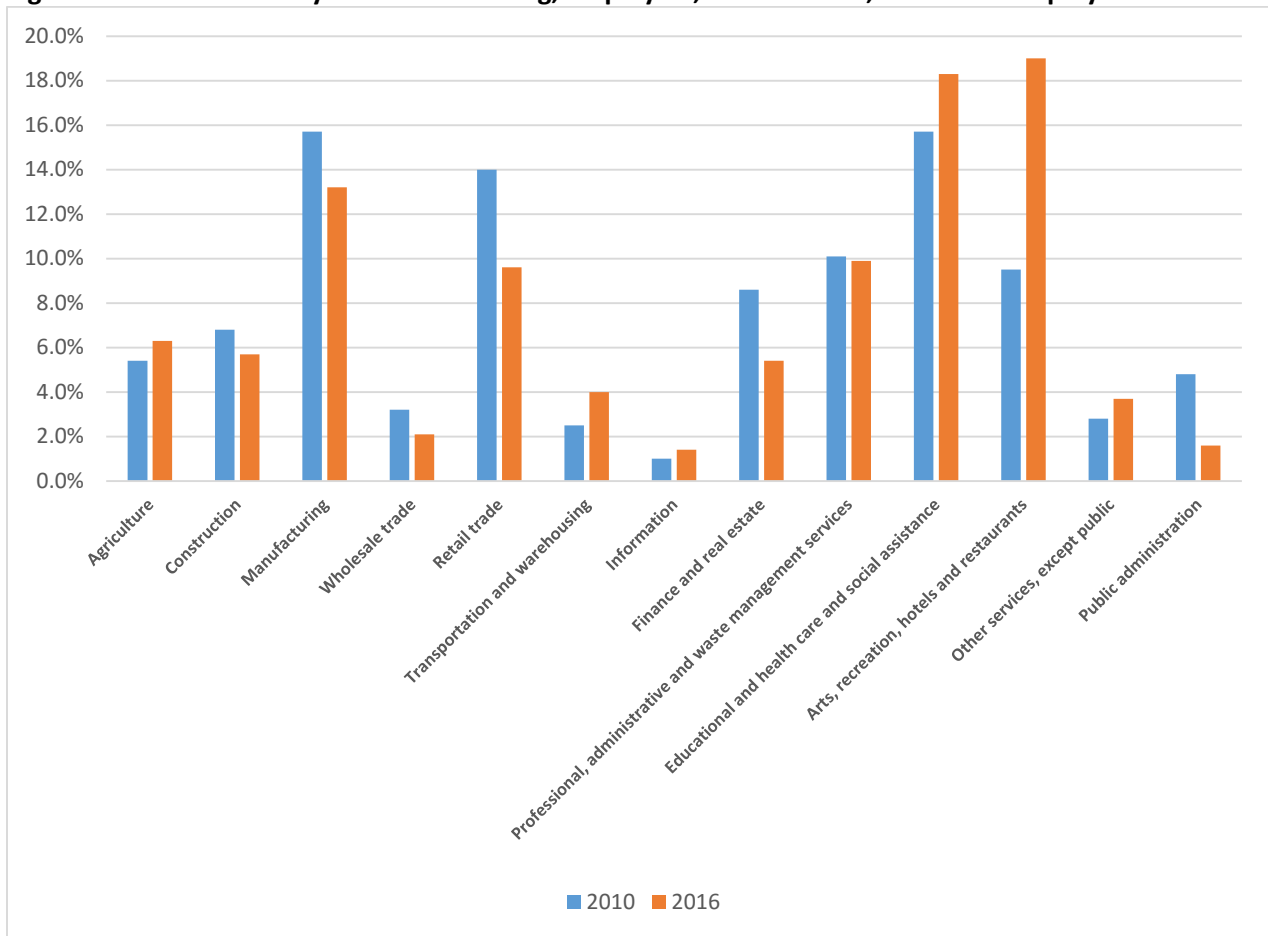
Source: Census Bureau (factfinder.census.gov)

An Important Difference

The difference between occupations worked by residents and local employment levels is subtle but important. Occupations are what people do, skills local residents perform at work regardless of their employer. For example, an accountant may find work at an accounting firm (the employer) or at a technology company (the employer) or at a hospital (the employer). Tracking occupations gives economic development staff a sense of what the local population could do and fill open jobs at local employers.

For Healdsburg, new and expanding businesses come with some costs with workers primarily coming in from the outside. More demand for parking spaces, traffic, use of local resources are just a few. In balancing such opportunities, understanding what is possible locally in terms of finding a labor force for growing businesses is a key consideration. Figure 5 shows what types of industry employers have seen growth or contraction in Healdsburg from 2010 to 2016.

Figure 5: Shifts in Industry Mix in Healdsburg, Employers, 2010 to 2016, % of Total Employment



Sources: Census Bureau (lehd.ces.census.gov) and Author's Calculations

In Healdsburg, finance and real estate jobs have decreased in terms of proportions. These changes are a reflection of both a reduction in financial services jobs due to the recent recession and that the recovery period (2010 to the present) has increased tourism demand across the North Bay. Manufacturing has also contracted somewhat, while agriculture jobs overall increased by a small amount. Transportation and warehousing jobs have also increased. Health care jobs have increased while retail jobs have decreased in Healdsburg since the recent recession.

Figures 6 and 7 provide more details in terms of the number of jobs (Figure 6) hired by employers inside Healdsburg from 2010 to 2016 (the latest data) and the occupations available from city residents that are working. The details are important for three reasons in considering economic development opportunities, threats and possible future moves for Healdsburg:

- Occupational and employment mix in Healdsburg is broad and not only in businesses that generate taxable sales;
- Opportunities exist to draw in and expand businesses that may hire more local residents; and
- Inbound commuters in lower-income jobs could benefit from local housing and become local residents.

Figure 6: Industry Employment in Healdsburg

Industry	2010	2011	2012	2013	2014	2015	2016
Agriculture, Forestry, Fishing and Hunting	219	152	65	116	158	73	140
Mining, Quarrying, and Oil and Gas Extraction	7	6	6	7	12	9	8
Utilities	31	12	23	24	31	12	24
Construction	327	280	287	425	483	513	415
Manufacturing	479	568	482	438	488	574	543
Wholesale Trade	338	376	284	404	457	485	420
Retail Trade	739	739	740	748	748	805	810
Transportation and Warehousing	53	64	76	73	90	109	83
Information	21	27	29	27	50	23	32
Finance and Insurance	121	86	99	119	112	107	115
Real Estate and Rental and Leasing	54	62	59	62	63	65	65
Professional, Scientific, and Technical Services	263	263	257	312	295	342	310
Administration Waste Management and Remediation	168	145	144	208	224	122	181
Educational Services	384	356	348	326	371	361	385
Health Care and Social Assistance	607	663	606	749	727	744	734
Arts, Entertainment, and Recreation	90	103	145	173	143	161	146
Accommodation and Food Services	1,034	1,212	1,141	1,348	1,444	1,319	1,344
Other Services (excluding Public Administration)	237	239	286	161	150	186	226
Public Administration	283	281	270	244	215	198	267
Totals	5,455	5,634	5,347	5,964	6,261	6,208	6,248

Source: California EDD and Census Bureau

Figure 7: What People Do for Work that Live in Healdsburg

Industry	2010	2011	2012	2013	2014	2015	2016
Agriculture, Forestry, Fishing and Hunting	245	236	207	230	300	303	350
Mining, Quarrying, and Oil and Gas Extraction	8	4	2	8	7	3	-
Utilities	29	41	40	30	39	41	39
Construction	249	200	211	249	310	344	317
Manufacturing	588	640	629	644	703	808	736
Wholesale Trade	210	175	184	195	258	213	120
Retail Trade	487	409	414	425	494	488	535
Transportation and Warehousing	94	106	86	67	109	86	185
Information	71	69	63	57	63	77	77
Finance and Insurance	119	107	103	110	121	120	259
Real Estate and Rental and Leasing	60	69	79	61	88	68	43
Professional, Scientific, and Technical Services	287	271	265	234	301	289	374
Management of Companies and Enterprises	55	28	33	33	50	54	7
Administration, Waste Management and Remediation	202	200	167	222	269	209	170
Educational Services	413	422	351	402	396	387	493
Health Care and Social Assistance	487	497	427	544	598	597	527
Arts, Entertainment, and Recreation	125	128	117	117	124	132	167
Accommodation and Food Services	513	474	497	506	630	567	894
Other Services (excluding Public Administration)	247	228	207	145	190	159	204
Public Administration	214	246	152	235	138	230	88
Totals	4,703	4,550	4,234	4,514	5,188	5,175	5,585

Sources: California EDD and Census Bureau

Taxable Sales Connections to Employment

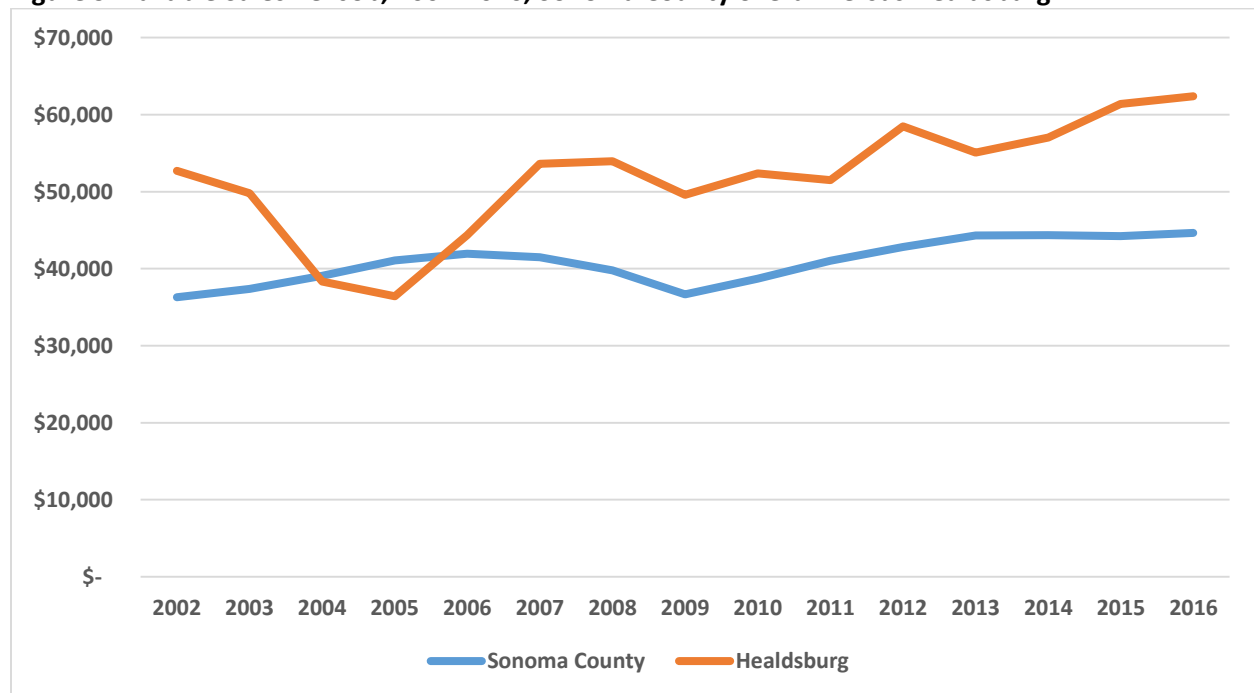
Sales tax drivers can vary from classic retail to auto sales to business to business (B2B) sales. Further, as sales tax receipts grow, there is not necessarily a parallel growth of local employment levels; pursuing a strategy of driving more sales tax revenue does not necessitate more employment and the opportunity cost that come with more people working in Healdsburg that live elsewhere. Figure 8 shows the calendar year taxable sales in Healdsburg versus Sonoma County overall and Figure 9 uses data from both Figures 6 and 8 to compare growth of jobs to growth of taxable sales.

Figure 8: Healdsburg Taxable Sales vs. Sonoma County, 2010 – 2016 (Calendar Year)

Year	Sonoma	Healdsburg	% of County
2010	\$6,485,950,000	\$285,733,300	4.4%
2011	\$6,962,113,600	\$290,236,500	4.2%
2012	\$7,382,997,200	\$312,593,700	4.2%
2013	\$8,017,883,100	\$328,475,500	4.1%
2014	\$8,467,550,700	\$357,024,000	4.2%
2015	\$8,704,968,700	\$381,187,200	4.4%
2016	\$9,002,535,500	\$389,914,600	4.3%

Source: California Board of Equalization, 2016 Year-End is Latest data available
Figure A-1 in the Appendix shows sales tax collection points.

Figure 9: Taxable Sales Per Job, 2002-2016, Sonoma County overall versus Healdsburg



Sources: City of Healdsburg, HdL, California Board of Equalization, and Author's Calculations

Figure 9 is an important graph to understand the recent past: if Healdsburg's taxable sales per job are growing, the local economy is generating sales tax revenue for the city government due to growth of local spending without a dependence on local job growth. We can conclude that the recent

history if economic development in Healdsburg is one where taxable sales are rising per employee working in Healdsburg with a diverse mix of businesses and sources of taxable sales.

There are no concerns about the Healdsburg economy being lop-sided toward retail and tourism in either how taxable sales occur or levels of employment. Even as jobs have grown in these sectors since 2010, taxable sales have outpaced the job growth. The City of Healdsburg recently received a sales tax forecast for the next five, fiscal years, shown in Figure 10. Tourism industries are third highest in this forecast annually, where auto sales and “business and industry” are larger. See the Appendix for more on the “Industry Group” definitions.

Figure 10: Sales Tax Forecast, Healdsburg, 2017-18 to 2022-23 Fiscal Years

Industry Group	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Projection	%	Projection	%	Projection	%	Projection	%	Projection	%	Projection	%
Autos & Transport	\$1,111,114	-3.0%	\$1,112,832	0.2%	\$1,112,832	0.0%	\$1,112,832	0.0%	\$1,112,832	0.0%	\$1,112,832	0.0%
Building & Construct	401,722	1.6%	417,853	4.0%	430,388	3.0%	443,300	3.0%	456,599	3.0%	470,297	3.0%
Business & Industry	872,389	6.9%	879,212	0.8%	905,588	3.0%	923,700	2.0%	942,174	2.0%	946,884	0.5%
Food & Drugs	301,277	0.1%	307,303	2.0%	313,449	2.0%	319,718	2.0%	326,112	2.0%	332,634	2.0%
Fuel & Service Stations	288,866	7.6%	304,716	5.5%	307,763	1.0%	312,379	1.5%	317,065	1.5%	320,236	1.0%
General Consumer Goods	339,385	-4.9%	337,201	-0.6%	337,201	0.0%	337,201	0.0%	337,201	0.0%	337,201	0.0%
Restaurant & Hotel	727,969	0.8%	763,328	4.9%	786,227	3.0%	809,814	3.0%	834,109	3.0%	859,132	3.0%
State & County Pools	521,330	-3.2%	551,846	5.9%	572,763	3.8%	601,401	5.0%	631,471	5.0%	663,044	5.0%
Total	\$4,565,121	0.5%	\$4,674,289	2.4%	\$4,766,210	2.0%	\$4,860,344	2.0%	\$4,957,562	2.0%	\$5,042,260	1.7%

Source: HdL and City of Healdsburg

Given these employment data, taxable sales data, and descriptions of both Healdsburg and Sonoma County now and in the future, the next section looks at the economic development opportunities and threats for Healdsburg given possible futures for Sonoma County overall, the aftermath of the 2017 fires, and Healdsburg’s future.

So What?

There are a broad mix of employers and sales tax providers in Healdsburg. Healdsburg’s economy is not reliant on just tourism, though tourism and retail is important for jobs and local sales tax revenues. Like any other city in Sonoma County, Healdsburg is a place that visitors enjoy and has built global recognition as a center for wine and food. Diversity in employers and sales tax base provide Healdsburg with balance in terms of both the types of businesses that provide jobs and how the city can generate sales tax revenue. Economic development in Healdsburg has been balanced, and both opportunities and threats remain.

Economic Development Opportunities and Threats

What is Economic Development?

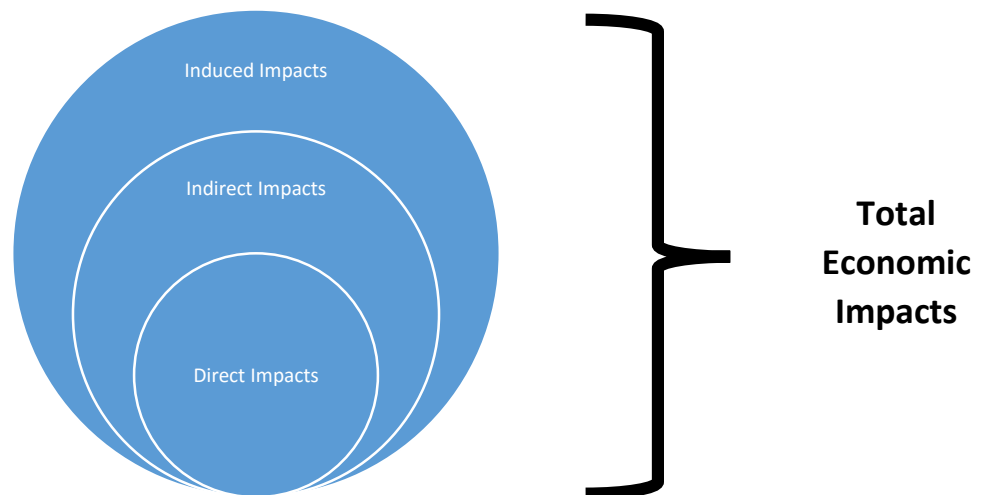
Economic development is the attraction, retention and expansion of local businesses in such a way to provide balanced and acceptable levels of jobs and income growth to a community. While tourism has been important for Healdsburg, it is not the only industry in town.

Having a balanced employment base for both local residents and workers coming from outside the community. The economic multiplier is an important concept to economic development and why Healdsburg has been successful as a place to do businesses. The basic idea is in Figure 11. As a new business comes to town, especially those that rely mainly on dollars from external sources (“exports” in economics), can circulate throughout the city economy in many ways. The four main ways are:

- Wages and salaries for workers;
- Tax payments to local government agencies;
- Revenue for local vendors that service these businesses along their supply chain; and
- Profits for business owners.

The economic multiplier measures how much more than itself a business brings to a community. It is based on how the two sets of vendors receive revenue in net. For example, the more the money a business makes comes from the outside and stays in the community, the larger the positive effects are on the community. Tax revenues locally rise, more jobs and income, means more spending, which means more jobs and incomes, and there is a multiplicative or “ripple” effect.

Figure 11: Economic Multiplier, Direct Impacts Ripple Out to Create More Gains



Many communities have been cautious about retail expansion because of shifting market. The more internet sales take place with businesses such as Costco and Amazon, there are fewer local jobs and storage and virtually no local owners unless a seller is actually located in Healdsburg. For smaller communities, it is difficult to rely on retail for economic development, and Healdsburg does not.

Employment growth and sales tax growth may not be related completely. The use of simple data can act as a guide to opportunities. One such data point is a location quotient (LQ), which is a ratio of two fractions: the numerator is the percent of an industry’s total jobs in a defined area and the denominator is the ratio of the same industry total jobs in a broader comparison area. When LQs are greater than 1, it suggests that currently (not in the future) the local area supports that industry better versus other areas. These LQs for Healdsburg versus Sonoma County are shown in Figure 12.

Figure 12: Location Quotients for Healdsburg Compared to Sonoma County, Selected Industries

Industry	LQ	Value Add Q
Wineries	3.59	3.54
Vineyards	2.26	2.24
Equipment Leasing	1.85	1.33
Hotels and Restaurants	1.13	1.03
Financial Services	0.98	0.80
Durable Manu - Iron/Steel	0.98	0.72
Durable Manu - Wood/Mineral/Plastic	0.95	1.10
Wholesale	0.91	0.92
Health Care	0.88	1.56
Retail	0.86	0.92
Construction	0.83	0.84
State and Local Government	0.82	0.84
Information	0.77	0.48
Arts, Entertainment, and Recreation	0.70	0.50
Other Services	0.69	0.78
Professional Services	0.63	0.55
Admin and Waste Services	0.59	0.63

Sources: IMPLAN® and Author’s Calculations

A second data point in Figure 13 is a “value-add” quotient (VAQ). Value-add is the income a local area retains after it sells goods and services. The VAQ measures the relative amount of dollars that an industry generates locally versus a broader area. For example, Figure 13 shows that wineries, vineyards and tourism have slightly higher LQs than health care. However, health care in Healdsburg generates relatively more local incomes than when located elsewhere in Sonoma County, suggesting that an opportunity for Healdsburg includes more health care options.

Communities do tend to play to their strengths. For Healdsburg, the data suggest economic development strength lie in:

- Health Care;
- Tourism and its associated industries;
- Wine and its associated industries; and
- Engineering/Tech/Financial Tech.

Figure 13: Value Add Per Worker, Industry Sectors

Industry Sector	Value-Add Per Worker	2016	2016
		Annual Wages	Employment
Wholesale	\$153,700	\$72,919	3.1%
Health Care and Social Assistance	\$123,100	\$60,977	11.2%
Durable Manu - Iron/Steel	\$119,800	\$36,844	2.6%
Non-Durable Manu	\$119,500	\$48,234	17.0%
Durable Manu - Wood/Mineral/Plastic	\$117,100	\$36,844	1.2%
Information	\$112,700	\$102,020	1.0%
Financial Services	\$102,300	\$55,273	7.9%
Construction	\$100,600	\$74,380	5.7%
State and Local Government	\$97,500	\$50,303	7.4%
Average for Healdsburg, 2016	\$87,009	\$44,255	
Logistics	\$83,200	\$96,424	0.1%
Leasing	\$76,600	\$54,306	0.9%
Transport	\$72,400	\$51,324	0.3%
Retail	\$68,200	\$43,063	8.5%
Other Services	\$57,000	\$53,567	4.4%
Professional Services	\$54,500	\$55,140	5.0%
Agriculture	\$46,800	\$50,573	7.8%
Admin and Waste Services	\$42,600	\$37,593	3.5%
Accommodation and Food Services	\$36,500	\$28,948	9.4%
Education	\$36,400	\$29,003	0.7%
Arts, Entertainment, and Recreation	\$25,500	\$27,958	2.0%
Totals			6,248
Sonoma County Averages	\$88,637	\$50,284	

Sources: IMPLAN® and Author Calculations, 2016 Data

Opportunities

Healdsburg is not all about tourism, retail and wine; aerospace and other engineering and professional services are here. Economic development is ultimately about balancing between economic gains for a growing local economy and providing local residents with community infrastructure and amenities without continuous competition. By focusing activities on industries with higher value-add possibilities per worker, growth can come without as much strain on community infrastructure.

It is also important to protect the community against a recession's effects; diversity of businesses and the ability of local residents to engage in those businesses as either owners, workers or both can help such a goal. Criteria for economic development may include:

- Attract, retain and expand high "value-add" industries per worker to Healdsburg;
- Retail expansion should be focused on filling supply-chain or leakage gaps; and
- Coming to community consensus using data and regional realities to help shape final choices.

While the list above expands on the opportunities based on incomes added to the community versus the region, tourism and retail and wine is here to stay and help the community by their existence.

Some opportunities include the following employers:

- Equipment Manufacturing
- Data Processing
- Financial Services
- Software Publishing/Internet Services
- Tile manufacturing
- Outpatient care facilities
- Beverage manufacturing beyond wineries
- Tank and pump manufacturing
- Plumbing supply wholesale
- Advertising services

There are businesses that have larger value-add per work and provide more productivity to Healdsburg as it becomes more diverse. Community consensus on how local markets evolve is helped when local residents patronize local businesses.

Housing is both an opportunity and a threat for local economic development. As growth takes place, and incomes rise, there is a natural shift to homeownership and more employment in Healdsburg. Housing acts as an opportunity currently because low interest rates still remain in place. Also, Healdsburg has enacted policies to help subsidize home building and a city government understanding that housing is more of a problem as time goes on in recruiting and retaining workers, home builders may find a unique opportunity here in Healdsburg.

Threats to Economic Development

For Healdsburg, there are also threats. An expansion of retail without consideration of what gaps exist and ways for Healdsburg to reduce its leakages from retail. Without a full retail sales and tax leakage study, it is difficult to assess those gaps.

As tight labor market conditions continue in Sonoma County and the North Bay, labor shortages in specific industries affect businesses hiring and expanding. Part of the traffic problem in Healdsburg is the number of people that are commuting daily to jobs both from Healdsburg and to Healdsburg. The latest data on commuting shows that Healdsburg has over 4,100 people leaving Healdsburg for work daily and over 5,100 coming in for work.

Housing is both an opportunity and a threat to economic development in Healdsburg. One measure of balance with jobs and housing is a jobs-housing ratio. When this quotient is below 1, the local area has more housing than jobs, and is likely a place where outbound commuters live. When greater than 1, there are more local workers than housing units, which implies both more inbound commuting, but also tighter conditions for those workers to find a home. Figure 14 shows this ratio for Sonoma County's municipalities.

Figure 14: Job-Housing Ratio (How Many Jobs there are in the Place per Housing Unit)

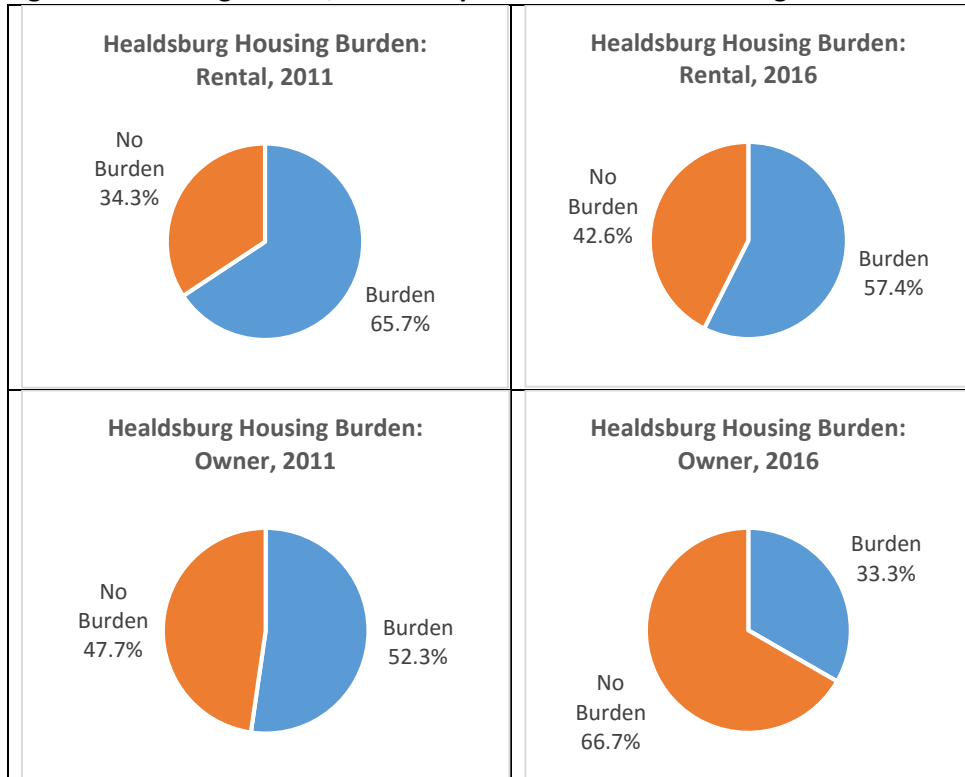
Place	2010	2011	2012	2013	2014	2015	2016
Cloverdale	0.37	0.43	0.46	0.48	0.50	0.51	0.51
Cotati	0.75	0.71	0.88	0.98	1.08	1.15	1.03
Healdsburg	1.12	1.16	1.10	1.22	1.27	1.26	1.32
Petaluma	0.98	1.01	0.98	1.03	1.09	1.17	1.15
Rohnert Park	0.73	0.71	0.62	0.64	0.79	0.73	0.79
Santa Rosa	0.98	1.00	0.92	1.00	0.95	1.05	1.08
Sebastopol	1.32	1.35	1.30	1.35	1.35	1.25	1.47
Sonoma	1.24	1.77	1.15	1.15	1.13	1.27	1.42
Windsor	0.60	0.60	0.62	0.63	0.66	0.68	0.70
Balance Of County	1.86	1.93	1.78	1.91	1.93	2.06	2.13
Incorporated	0.34	0.32	0.41	0.41	0.47	0.44	0.44
County Total	0.85	0.85	0.87	0.91	0.95	0.98	1.00

Source: California Department of Finance

(<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-5/>)

Concerns over a housing crisis are general across all Sonoma County’s municipalities. The recent fires have exacerbated that issue. On the supply side, more units and broader housing choice can help keep costs of living down and allow more incomes to spend across Healdsburg rather than spend as much on housing costs. Figure 15 shows the so-called “housing burden” in Healdsburg or the percentage of households that pay more than 30 percent of monthly income for housing, both for rental and homeownership.

Figure 15: Housing Burden, Ownership and Rental in Healdsburg



Source: Census Bureau (factfinder.census.gov)

In summary, given median household income levels in Healdsburg, the housing burden for both owners and renters has fallen since 2011. However, Healdsburg's residential median household income has increased by over \$6,000 since 2011 (Sonoma County overall only increase \$2,490). Because housing burden comes from a ratio (the percentage of monthly housing payments to median household income), as MHI rises housing can become less of a "burden" if housing costs rise more slowly.

Conclusions

The data suggest that Healdsburg's employment base and economy is not all about tourism and retail, with over 186 different industries providing jobs, and not reliant on tourism and retail alone. Taxable sales come from over 930 businesses, 56 percent of which are retail businesses as of 2017. Over 25 percent of jobs in Healdsburg are directly related to the wine industry, either in vineyard or winery jobs. Tourism-facing businesses and retail employers do provide 17.8 percent of jobs for Healdsburg. In some cases, retail jobs are directly related to the wine industry. Restaurant and hotel demand can also be seen as somewhat tied to the wine industry. Over 57 percent of jobs are not tied to wineries.

Healdsburg as a larger percentage of "non-retail" sales-tax generating businesses than Sonoma County overall, and has fewer jobs in retail and restaurants as a percentage of overall employment. Taxable sales per job have been rising steadily since 2010. There is no reason for a concern than retail sales rising means more workers in Healdsburg.

Healdsburg has seen growth of jobs and taxable sales since the recent recession. The city's economy has also become more diverse since the recent recession ended in 2010. Healdsburg's residents also work in a diverse set of industries, and act as a workforce development opportunity. It is not a lack of economic diversity in Healdsburg that leads to parking and traffic problems.

Opportunities for Healdsburg include becoming a supply chain link to businesses throughout northern Sonoma County and also to add supply chain links for Healdsburg-based businesses. Connections between core industries in Healdsburg (tourism, retail, wine, finance, engineering) and support industries are opportunities. Use of commercial real estate inventories can help Healdsburg further diversify and reduce "leakage" for businesses that spend on vendor outside of town. Businesses such as financial technology and engineering may also have supply-chain needs that include server storage and maintenance, broadband access, lab space, and perhaps gathering spaces that are akin to start-up work environments than wine bars, coffee shops or restaurants.

Threats for Healdsburg include a lack of housing choice versus the number of workers, a by-product of Healdsburg as a desirable place to live. The city government is actively trying to diversify housing choice and supply. Labor market conditions and commute patterns all point to more labor costs for local businesses.

In short, Healdsburg is not reliant on tourism industries for its businesses or its city government to thrive. Diversity in Healdsburg mirrors the industrial mix in Sonoma County overall, and is per job taxable sales are higher in Healdsburg than Sonoma County. This suggests that Healdsburg does more with fewer jobs to help city finance than Sonoma County overall.

Appendix: Sales Tax Data Details

Figure A-1: Sales tax Collections by Quarter, Healdsburg, 2011 Q1 - 2017Q3, Calendar Year

Quarter	Autos And Transportation	Building And Construction	Business And Industry	Food And Drugs	Fuel And Service Stations	General Consumer Goods	Restaurants And Hotels	State & County Pools	Grand Total
2011Q1	\$146,732	\$54,910	\$116,926	\$51,912	\$77,896	\$56,395	\$94,308	\$64,094	\$663,173
2011Q2	\$153,618	\$66,469	\$189,741	\$61,249	\$94,336	\$74,166	\$123,262	\$74,891	\$837,732
2011Q3	\$171,508	\$73,462	\$151,462	\$65,790	\$95,321	\$73,108	\$144,848	\$72,794	\$848,293
2011Q4	\$167,241	\$57,067	\$126,030	\$70,518	\$87,851	\$83,699	\$126,640	\$76,074	\$795,119
2012Q1	\$180,152	\$50,458	\$104,218	\$54,453	\$84,619	\$59,745	\$107,642	\$63,025	\$704,312
2012Q2	\$182,091	\$69,063	\$171,497	\$65,569	\$102,708	\$78,411	\$134,789	\$83,332	\$887,460
2012Q3	\$198,664	\$100,477	\$146,052	\$68,685	\$113,716	\$77,307	\$158,664	\$76,376	\$939,941
2012Q4	\$212,990	\$81,590	\$149,872	\$72,015	\$98,775	\$87,147	\$134,783	\$106,639	\$943,810
2013Q1	\$169,733	\$55,824	\$117,255	\$57,525	\$91,401	\$64,891	\$112,817	\$72,212	\$741,657
2013Q2	\$201,970	\$84,102	\$201,420	\$67,556	\$100,723	\$80,333	\$148,555	\$91,393	\$976,051
2013Q3	\$196,466	\$94,226	\$168,553	\$70,545	\$109,193	\$85,138	\$158,415	\$93,706	\$976,241
2013Q4	\$245,360	\$77,177	\$147,301	\$75,675	\$91,504	\$93,043	\$147,786	\$104,316	\$982,163
2014Q1	\$210,325	\$65,175	\$130,956	\$59,732	\$82,335	\$65,540	\$120,776	\$88,891	\$823,729
2014Q2	\$228,216	\$88,301	\$243,567	\$69,728	\$100,282	\$96,398	\$156,817	\$117,859	\$1,101,168
2014Q3	\$228,113	\$92,903	\$206,044	\$71,485	\$99,488	\$86,949	\$170,075	\$112,207	\$1,067,264
2014Q4	\$280,252	\$75,279	\$138,593	\$78,824	\$79,710	\$102,350	\$153,482	\$113,350	\$1,021,839
2015Q1	\$257,000	\$76,064	\$165,620	\$62,565	\$68,665	\$75,392	\$130,697	\$94,229	\$930,230
2015Q2	\$267,051	\$97,811	\$221,803	\$71,630	\$85,987	\$93,758	\$167,884	\$114,750	\$1,120,675
2015Q3	\$287,626	\$106,849	\$199,957	\$74,587	\$85,943	\$83,705	\$178,207	\$114,330	\$1,131,204
2015Q4	\$305,918	\$88,856	\$154,091	\$81,491	\$66,092	\$103,742	\$161,250	\$126,477	\$1,087,916
2016Q1	\$267,757	\$79,550	\$162,095	\$64,871	\$59,630	\$79,495	\$137,961	\$111,453	\$962,813
2016Q2	\$278,302	\$103,688	\$276,327	\$75,061	\$71,978	\$92,660	\$174,840	\$133,060	\$1,205,917
2016Q3	\$275,458	\$112,936	\$185,588	\$77,577	\$70,878	\$95,006	\$188,900	\$133,459	\$1,139,801
2016Q4	\$292,041	\$100,595	\$167,722	\$82,255	\$63,173	\$100,765	\$173,859	\$129,064	\$1,109,474
2017Q1	\$282,940	\$75,228	\$179,913	\$63,400	\$62,492	\$68,934	\$149,914	\$120,458	\$1,003,279
2017Q2	\$260,258	\$105,311	\$279,347	\$76,106	\$76,642	\$89,063	\$198,108	\$139,316	\$1,224,151
2017Q3	\$284,385	\$120,831	\$250,147	\$77,370	\$77,123	\$82,744	\$212,289	\$136,006	\$1,240,895

Source: City of Healdsburg and HdL

Figure A-2: Details of Sales Tax Categories, Employers

GENERAL CONSUMER GOODS

Women’s Apparel
 Men’s Apparel
 Family Apparel
 Shoe Stores
 Variety Stores
 Department Stores
 Discount Department Stores
 General Merchandise
 Newspaper Stands
 Art/Gift/Novelty Stores
 Sporting Goods/Bike Stores
 Florist Shops
 Photographic Equipment
 Music Stores
 Stationery/Book Stores
 Jewelry Stores
 Specialty Stores
 Cigar Stores
 Non-Store Retailers

Part Time Permittees
 Home Furnishings
 Electronics/Appliance Stores
 Second-Hand Stores
 Vending Machine Routes
 Portrait Studios
 Shoe Repair Shops
 Morticians and Undertakers
 Personal Service-No Liquor

FOOD & DRUGS

Food Stores Non-Grocery
 Convenience/Liquor Stores
 Marijuana Related
 Candy/Nut Stores
 Drug Stores
 Grocery Stores

RESTAURANTS & HOTELS

Quick-Service Restaurants
 Casual Dining
 Fine Dining
 Fast Casual Restaurants
 Hotels/Motels - No Liquor
 Hotels - Liquor
 Leisure/Entertainment

BUSINESS & INDUSTRY

Office Supplies/Furniture
 Warehouse/Farm/Construction
 Equipment
 Garden/Agricultural Supplies
 Wineries
 Repair Shops & Tool Rental
 Energy/Utilities
 Office Equipment
 Medical/Biotech
 Electrical Equipment
 Government/Social Org
 Auctioneers
 Business Services
 Food Service Equipment &
 Supplies
 Textiles/Furnishings
 Drugs/Chemicals
 Motion Pictures/Equipment
 Trailers/Auto Parts
 Transportation Non-Auto
 Fulfilment Centers
 Heavy Industrial
 Light Industrial/Printers

**BUILDING CONSTRUCTION
 SUPPLIES**

Building Materials
 Plumbing/Electrical Supplies
 Paint/Glass/Wallpaper
 Contractors

AUTOS & TRANSPORTATION

Automobile Transfers
 Boat Transfers
 Aircraft Transfers
 New Motor Vehicles
 Automotive Supply Stores
 Trailers/RVs
 Used Automotive Dealers
 Auto Lease
 Boats/Motorcycles
 Aircraft Sales & Services
 Auto Repair Shops
 Transportation & Rentals

FUEL & SERVICE STATIONS

Fuel/Ice Dealers
 Service Stations
 Petroleum Prod/Equipment

Sources: City of Healdsburg and HdL